

AMENDED IN ASSEMBLY MAY 5, 2015

AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 577

Introduced by Assembly Member Bonilla

February 24, 2015

An act to add Section 39718.5 to the Health and Safety Code, and to add Chapter 7.8 (commencing with Section 25680) to Division 15 of the Public Resources Code, relating to biomethane.

LEGISLATIVE COUNSEL'S DIGEST

AB 577, as amended, Bonilla. Biomethane: grant program.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

This bill would, upon appropriation, ~~require the State Air Resources Board to allocate an unspecified percentage of the moneys in \$13,000,000 from the fund to the State Energy Resources Conservation and Development Commission for the implementation of a biomethane collection and purification grant program.~~ The bill would require the

commission to develop and implement the grant program to award moneys for projects that build or develop collection and purification technology, infrastructure, and projects that upgrade existing biomethane facilities to meet certain requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) California imports 91 percent of its natural gas, which is
4 responsible for 25 percent of all greenhouse gas (GHG) emissions.
5 This costs California billions of dollars in lost revenues and jobs.

6 (b) California made a commitment to address climate change
7 with the California Global Warming Solutions Act of 2006
8 (Division 25.5 (commencing with Section 38500) of the Health
9 and Safety Code). For California to meet its GHG reductions goals,
10 the GHG emissions from the natural gas sector must be reduced.

11 (c) Biomethane is gas generated from organic waste through
12 anaerobic digestion, gasification, pyrolysis, or other conversion
13 technology that converts organic matter to gas. Biomethane may
14 be produced from sources such as agricultural waste, forest waste,
15 landfill gas, wastewater treatment byproducts, and diverted organic
16 waste.

17 (d) Biomethane provides a more sustainable and cleaner
18 alternative to natural gas. If 10 percent of California's natural gas
19 use were to be replaced with biomethane, GHG emissions would
20 be reduced by tens of millions of metric tons of carbon dioxide
21 equivalent every year.

22 (e) Almost 300 billion cubic feet of biomethane could be
23 produced in California each year. This biomethane could power
24 2 to 3 million homes or generate 2.4 billion gallons of clean,
25 ultralow carbon transportation fuels.

26 (f) Investing in biomethane would create cobenefits, such as
27 renewable power available 24 hours a day, seven days a week,
28 reduction of fossil fuel use, reduction of air and water pollution,
29 and new jobs.

30 (g) Biomethane could be used for things such as transportation
31 fuel or injected into the natural gas pipeline for other uses. The

1 most appropriate use of biomethane varies depending on the source,
2 proximity to existing natural gas pipeline injection points or large
3 vehicle fleets, and the circumstances of existing facilities.

4 (h) The biomethane market has been slow to develop in
5 California because the collection and purification of biomethane
6 can be costly. Investing in biomethane purification equipment and
7 infrastructure is necessary for companies to meet existing
8 biomethane safety and purity standards. Alternative funding for
9 compliance with standards established pursuant to Section 25421
10 of the Health and Safety Code must be found so that biomethane
11 can be transmitted via California's vast natural gas pipeline
12 infrastructure.

13 (i) Biomethane is poised to play a key role in future natural gas
14 and hydrogen fuel markets as a blendstock that can significantly
15 reduce the carbon footprint of these two fossil-based alternative
16 fuels.

17 SEC. 2. Section 39718.5 is added to the Health and Safety
18 Code, to read:

19 39718.5. Upon appropriation by the Legislature, ~~the state board~~
20 ~~shall allocate _____ percent of the moneys~~ *thirteen million dollars*
21 *(\$13,000,000)* from the fund *shall be allocated* to the State Energy
22 Resources Conservation and Development Commission for the
23 purposes of Chapter 7.8 (commencing with Section 25680) of
24 Division 15 of the Public Resources Code.

25 SEC. 3. Chapter 7.8 (commencing with Section 25680) is added
26 to Division 15 of the Public Resources Code, to read:

27
28 CHAPTER 7.8. BIOMETHANE COLLECTION AND PURIFICATION
29 GRANT PROGRAM
30

31 25680. (a) The commission shall develop and implement a
32 grant program to award moneys appropriated pursuant to Section
33 39718.5 of the Health and Safety Code for projects that build or
34 develop collection and purification technology, infrastructure, and
35 projects that upgrade existing biomethane facilities to meet the
36 requirements established pursuant to Section 25421 of the Health
37 and Safety Code.

38 (b) In granting an award, the commission shall consider both
39 of the following:

- 1 (1) Opportunities to colocate biomethane producers with vehicle
- 2 fleets to generate biomethane and convert it to transportation fuel
- 3 in the same location.
- 4 (2) Location of biomethane sources and their proximity to
- 5 natural gas pipeline injection sites.
- 6 (c) In prioritizing projects eligible for grants pursuant to this
- 7 section, the commission shall maximize the reduction of
- 8 greenhouse gas emissions achieved by a project for each dollar
- 9 awarded.

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